

The impact of ownership structure on firm's performance: An empirical analysis of companies listed in Pakistan stock exchange”



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Abstract

This study aims to examine the association between the ownership structure and performance of the non-financial Firms which are currently listed at Pakistan stock exchange during the period 2013-2017. Two types of ownership structure are used in the study. One is the managerial ownership (rights held by managers of the companies) and the other is the concentrated ownership (rights held by top five shareholders of the firm). These two types of ownership structure are used as independent variables in the study. Five Control variables are used in the study, which is Size of the firm, capital ratio of the firm, loan ratio of the firm, overhead expenses of the firm and debt ratio of the firm. To measure the performance of the firm ROA is used as a dependent variable. In order to check the association between dependent and independent variables Panel Data Technique has been used. Simple descriptive statistics, correlation matrix, random and fixed effect models have been used to get the empirical results. Sample size was 80 non-financial firms of seven sectors of Pakistan stock exchange. Results showed that high level of Managers control has a negative impact on the Performance, also the major shareholdings by the top five shareholders has also negative impact on the Performance of companies. Firm size, firm's capital ratio, loan ratio, has a negative impact on the performance of companies while overhead expenses and debt ratio are positively correlated with the financial performance of the firm. According to the empirical examination, it is concluded that there is no association between the ownership structure and the performance of the firm.